



Macarthur Minerals Limited

# BOARD CHARTER

June 2020



**MACARTHUR MINERALS LIMITED**  
**(THE “COMPANY” OR “MACARTHUR”)**  
**Board Charter**

(Reviewed 29 June 2020)

## **1. INTRODUCTION**

- 1.1 The Directors (the “Board”) of Macarthur Minerals Limited (the “Company”) are responsible for the stewardship of the business and affairs of the Company on behalf of shareholders by whom they are elected and to whom they are accountable. Together, the Directors form the Board which, in accordance with the Company’s Constitution, is responsible for management and the ultimate control of the business and affairs of the Company.
- 1.2 The Board exercises all powers which are not required by law or contained in the Constitution through regular communication with management and in Board meetings.
- 1.3 The Company’s Constitution sets out the rules surrounding appointment of Directors, their remuneration, disclosure obligations, powers and duties and the proceedings at meetings. This charter operates in conjunction with the Constitution, outlining the composition of the Board, its responsibilities, how the Board interacts with the Committees and Executive Management and the evaluation of performance of the Board, Directors and Executive Management.

## **2. COMPOSITION OF THE BOARD**

- 2.1 It is the objective of the Company to establish and maintain a Board with a broad representation of skills, experience and expertise.
- 2.2 To assist in achieving the objective stated above, the Board will at all times consist of executive and non-executive Directors.
- 2.3 The Board shall be constituted by a majority of non-executive Directors and the Board shall endeavour whenever possible to accord with best practice<sup>1</sup> to maintain a majority of individuals who are independent<sup>2</sup>.

## **3. RESPONSIBILITIES OF THE BOARD**

The significant areas of the Board’s responsibilities are as follows:

Shareholders	a) oversee the Company’s business affairs and activities of management for the benefit of the Company’s shareholders;
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<sup>1</sup> Canadian National Policy 58-201 – Corporate Governance Guidelines & ASX Corporate Governance Principles and Recommendations, 4<sup>th</sup> edition (February 2019) (CGPR) 2.3 & 2.4.

<sup>2</sup> Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a Director’s independent judgment.

	b) propose and recommend to shareholders any changes in the capital structure of the Company or the details of the Company.
Strategy	c) make decisions and give directions in relation to the development, implementation and alteration of the strategic direction of the Company, including future expansion of the Company's business activities;
Approval	d) approve business plans, new investments, major capital and operating expenditures, capital management, acquisitions, divestitures and major funding activities;
Safety & Environment	e) oversee the management of safety and occupational health, environmental issues and community development;
Monitor & Review	f) review the operational performance of the Company including the viability of current and prospective mining operations and exploration opportunities; g) monitor and review annually the success of management in implementing the approved strategies and plans; h) review the Company Policies and governance structure annually; i) consider whether the composition of the Board, the Board Committees is the most cost-effective and beneficial corporate structure for the Company;
Delegation	j) establish appropriate levels of delegation to the Executive Officers to allow them to manage the Company's operations efficiently; k) make available the Company's financial and human resources to Executive Officers to achieve the targets and goals set by the Board;
Risk	l) establish an appreciation of areas of significant business risk and ensure arrangements are in place to adequately manage those risks;
Governance & Compliance	m) promote leadership and integrity throughout the Company; n) ensure that the Company Policies are operative and encourage compliance; o) determine the Company's approach to corporate governance issues and review legal requirements and trends regarding corporate governance; p) have a framework in place to help ensure that the Company acts legally and responsibly on all matters consistent with the Code of Conduct;
Development & Succession	q) allow Directors to participate in continuing education opportunities to allow individuals to maintain or enhance their skills and abilities as

	<p>Directors, as well as to ensure their knowledge and understanding of the Company's business remains current;</p> <p>r) establish and maintain a Board succession plan and consider development needs for prospective Directors.</p>
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#### 4. THE BOARD'S SUB-COMMITTEES

- 4.1 Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, the Board may develop Committees to assist in the execution of its duties.
- 4.2 The Board has developed Charters for the existing Audit, Remuneration and Nomination Committees that set out matters concerning their composition and responsibilities which each Committee has adopted.
- 4.3 With the assistance of the Audit and Risk Committee the Board shall satisfy itself that:
- a) the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
  - b) there is sufficient cash at bank and there is balance between actuals and budgeted costs;
  - c) there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control processes are in place and functioning appropriately; and
  - d) there are appropriate external audit arrangements are in place and operating effectively.
- 4.4 With the assistance of the Remuneration and Nomination Committee the Board shall:
- a) determine the number and remuneration of Directors and the Executive Officers; and
  - b) establish targets and goals for Executive Officers to achieve and monitor the performance of Executive Officers as set out in section 8 below.

#### 5. CONDUCT OF MEETINGS

- 5.1 In addition to the requirements of Section 24 of the Constitution:
- a) The Board will meet at least quarterly and may meet as often as required to fulfil their duties;
  - b) Board meeting papers are provided to Directors, where possible, seven days prior to the relevant meeting;
  - c) The non-executive Directors shall formally meet at least twice each year for private discussion of management issues;
  - d) Draft minutes of Board meetings are to be provided to Directors no longer than 14 days following a Board meeting; and
  - e) The Directors shall endeavour to attend scheduled Board meetings and promptly reply to communications regarding timing and availability for adhoc meetings.

## 6. DIRECTORS

- 6.1 Directors are appointed and may retire in accordance with Section 18 of the Constitution. Directors must comply with the requirements of Section 23 of the Constitution in relation to disclosure of their interests.
- 6.2 The terms and conditions of appointment of a Director shall be confirmed in a formal letter of appointment and a copy of the Constitution and all relevant Company policies will be included in a director's kit.
- 6.3 New Directors will be briefed with respect to the nature of operations and the strategic direction of the Company.
- 6.4 All new Directors must fully understand the role of the Board and its Committees, as well as the contribution individual Directors are expected to make (including, in particular, the commitment of time and resources that the Company expects from its Directors).
- 6.5 Each Director has the right to seek independent professional advice on matters relating to his/her position as a Director of the Company at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.
- 6.6 The independent members of the Board shall meet regularly during the year without any member of the Company's management present. Generally these meetings will be held prior to regular Board meetings. Any material business items arising from these meetings shall be brought to the attention of the Company Secretary and such matters will be added to the agenda of the next regularly scheduled Board meeting.
- 6.7 In the event of a conflict of interest or where a potential conflict of interest may arise, involved Directors will, unless the remaining Directors resolve otherwise, withdraw from deliberations concerning the matter.
- 6.8 In accordance with the Constitution of the Company, Directors (other than the Managing Director) must offer themselves for re-election by shareholders at least every three years however it is current company practice for all Directors to offer themselves for re-election by shareholders at every Annual General Meeting. The Board does not specify a maximum term for which a Director may hold office.

## 7. ALLOCATION OF RESPONSIBILITIES

- 7.1 The **Chairman** of the Board has the following responsibilities:
  - a) ensuring efficient conduct of the Board at Board meetings and on all other occasions to facilitate rigorous debate and effective decision making;
  - b) liaising with the Company Secretary concerning matters of corporate governance and conveying all information to the Board; and
  - c) encouraging engagement and compliance by Board members with their duties as Directors.
- 7.2 The **CEO** has the following responsibilities:
  - a) performing the duties of a Chief Executive Officer of the Company;

- b) setting the policy direction of the Company in consultation with the Board;
- c) liaising directly with Executive Management;
- d) to bring all material matters affecting the Company to the attention of the Board in a timely fashion; and
- e) oversight and ultimate control of the operations of the Company.

7.3 The **Executive Management** of the Company has the following responsibilities:

- a) manage the Company in accordance with the directions and delegation of the Board;
- b) report to the Board in a timely fashion all matters concerning the operations of the Company and the Company's employees;
- c) coordinate the roles and responsibilities of the management and employees of the Company to achieve the goals set by the Board;
- d) carry out the day-to-day management of the Company;
- e) in consultation with the Company's management and employees, establish and implement management policies and procedures to:
  - (i) achieve the goals set by the Board;
  - (ii) build and maintain employee satisfaction and well-being;
  - (iii) build and maintain a staff identity and allegiance to the Company;
  - (iv) ensure a safe workplace for all employees; and
  - (v) setting the terms and conditions of employment for all employees of the Company.

7.4 The **Company Secretary** has the following responsibilities:

- a) the adoption and implementation of good governance practices;
- b) coordination of the Board and its Committees;
- c) scheduling Board meetings and setting the agenda with the Chairman;
- d) monitoring of the policies and procedures of the Board;
- e) advising the Board of the governance policies of the Company;
- f) the accurate reporting of the business of the Board including the timely despatch of Board agendas and briefing papers and the accurate recording and timely despatch of the minutes of the Board;
- g) ensuring compliance with Canadian Listing Rules, Canadian Securities Regulations Australian Securities Exchange (ASX) Listing Rules, Australian Securities Regulations and the *Corporations Act Cth* (2001) and where applicable to the Board and the Company;

## 8. PERFORMANCE EVALUATION PRACTICES

### 8.1 Board Composition & Remuneration

- a) As part of the annual review of the performance of the Board, the appropriate size, composition and terms and conditions of appointment to and retirement from the Board are considered, (refer to retirement by rotation regulation 18.5 of the Constitution).
- b) With the assistance of the Remuneration & Nomination Committee the level of remuneration for non-executive Directors is considered with regard to practices of other public companies, external professional advice (if considered necessary) and the aggregate amount of fees approved by shareholders (as referenced to regulation 21 of the Constitution).

### 8.2 Board Performance

- a) With the assistance of the Remuneration and Nomination Committee the Board has established formal processes to review its own performance and the performance of individual Directors, Committees of the Board and Executive Officers, at least annually.
- b) A process has been established to review and evaluate the performance of the Board. The Board is required to meet annually with the specific purpose of reviewing the role of the Board, assessing its performance over the previous twelve months, including comparison with others, and examining ways of assisting the Board in performing its duties more effectively.
- c) The annual review includes consideration of the following measures:
  - (i) comparison of the performance of the Board against the requirements of the Board Charter;
  - (ii) assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget;
  - (iii) review the Board's interaction with Executive Officers and General Managers;
  - (iv) identification of any particular goals and objectives of the Board for the next year;
  - (v) review the type and timing of information provided to the Directors; and
  - (vi) identification of any necessary or desirable improvements to Board or Committee Charters.
- d) The method and scope of the performance evaluation will be set by the Board and may include a Board self-assessment checklist to be completed by each Director. The Board may also use an independent adviser to assist in the review.

### 8.3 Committee Review

- a) Similar procedures to those for the Board review are applied to evaluate the performance of each of the Board Committees. An assessment will be made of the performance of each Committee against each charter and areas identified where improvements can be made.

#### 8.4 Performance review of non-executive Directors

- a) The Chairman will have primary responsibility for conducting performance appraisals of non-executive Directors in conjunction with them, having particular regard to:
  - (i) contribution to Board discussion and function;
  - (ii) degree of independence including relevance of any conflicts of interest;
  - (iii) availability for and attendance at Board meetings and other relevant events;
  - (iv) contribution to Company strategy;
  - (v) membership of and contribution to any Board Committees; and
  - (vi) suitability to Board structure and composition.
- b) Where the Chairman, following a performance appraisal, considers that action must be taken in relation to a Director's performance, the Chairman must consult with the remainder of the Board regarding whether a Director should be counselled to resign, not seek re-election, or in exceptional circumstances, whether a resolution for the removal of a Director be put to shareholders.

#### 8.5 Executive Officer Performance Review

- a) The Board will annually review the recommendations from the Remuneration & Nomination Committee relating to the performance review of the Executive Officers. At the commencement of each financial year, the Board and Executive Officers will agree to a set of general Company specific key performance indicators to be used in the review of the forthcoming year.
- b) These will include:
  - (i) the extent to which key operational goals and strategic objectives are achieved;
  - (ii) development of management and employees;
  - (iii) compliance with legal and Company policy requirements; and
  - (iv) achievement of key performance indicators.

#### 8.6 Other General Managers and management

- a) The CEO is responsible for assessing the performance of the remaining General Managers and management within the Company. This is to be performed through a formal process involving a formal meeting with each General Managers. The basis of evaluation of General Managers and management will be on agreed performance measures.



## 9. GLOSSARY

**Executive Officer** shall be defined as any person holding the position of CEO, CFO or COO and any other executive level officers appointed to the Company.

**CEO** means Chief Executive Officer

**CFO** means Chief Financial Officer

**COO** means Chief Operating Officer

**General Managers** means any general managers employed by the Company from time to time.